

Summary of Public Comment Proposed Independent Study of Redevelopment

Prepared February 26, 2004

February 19, 2004 Special Agency Board Meeting

There was significant public input provided at this meeting. Due to the complexity and length of the comments during this meeting staff was unable to prepare an accurate summary of public comment, but audio transcripts are available upon request.

Recent Correspondence

February 10, 2004, Bry Myown article. Article published in "The View from the Hill", a Signal Hill newspaper, comments on the Independent Study.

February 4, 2004, e-mail from Traci Wilson-Kleekamp. This e-mail is attached and discusses the Felise Acosta Reports.

February 3, 2004, e-mail from Jane Kelleher. This e-mail is attached and provides commentary on one of the discussions at the February 3 meeting.

February 3, 2004 Special Agency Board Meeting Public Comments on the Independent Study (prepared from staff's notes)

Lewis Lester submitted a letter dated February 2, 2004 (attached)

Speaker #1

(A board member suggested that the Agency hold a special meeting on February 19, 2004, to review the RFP. Speaker #1 commented on this recommendation.)

- The North PAC meeting is on February 26 and it would be better to hold the Agency Board Meeting after the North PAC meets.

Speaker #2

- Thought that the Agency discussion on communications focused on how the Agency could promote its projects to the public. What is needed is a critical discussion of Agency projects.

Speaker #3

- The Agency has a communications issue it needs to address. The need is for the Board to listen to the public rather than for the Board to sell its projects to the public.

- The Agency needs to have a meeting in the expansion areas discussing the Independent Study.
- The Independent Study should include a case study that would determine how the Central Project Area benefited from its merger and expansion and if the project area has benefited from redevelopment activities.

Speaker #4

- Troubled that the initial discussion of the communications issue was how to create a sales pitch for Agency programs.
- He also heard that the Agency wants to better communicate that the Independent Study is being conducted.
- Felise Acosta suggested a manual for better communications. We should develop a roadmap for improving communications.
- The Board has suggested that it better communicate its redevelopment successes. How do we know if a project area is a success if we have no standards and goals for redevelopment to tell us what a success is?

Speaker #5

- It is important for the Agency to hear the views of citizens who understand redevelopment as well as the views of those citizens who are not actively involved.
- Expressed opposition to the Independent Study process because it is primarily a planning document. The Agency needs a performance audit. We need to know how the Agency is spending money and what internal controls exist.
- Need to look at Agency spending, transfers to the General Fund and spending outside of project areas.
- Need to examine the bid process for Agency contracts.
- Need to examine the Redevelopment Agency's affirmative action goals and accomplishments and its hiring of local businesses.
- Need more financial and internal controls in redevelopment.
- All of the money is going to overhead, administration and debt service and not to projects.
- Affordable housing is not being built.
- There is no way to determine if the Agency is fulfilling its fiduciary responsibility.
- The Scope of Work does not address the issues listed above.
- If staff is only sending information to the PACs, then people who live outside of the project areas are not receiving information on the Independent Study.
- The Agency Board needs to communicate with people who live outside of the project areas.

Speaker #6

- We need to find out if other cities are working from a long-term plan. Do they have goals, strategic plans and a vision in mind before they start?
- The Agency needs to communicate its long-term goals and vision to people who develop the project area.

Speaker #7

- The audit Speaker #5 described is exactly what we need.
- The Independent Study should not focus on communication. It should examine current conditions and then determine what areas need to be studied.
- There must be a way to quantify quality of life issues and include them in the analysis.

Speaker #8

- Communication needs to be two-way communication.
- The Redevelopment Agency needs a procedures manual.
- Asked that items number 9 and 10 in the Scope of Work be switched so that everything is examined before the merger and expansion.
- The Broadway/Golden School should be considered for one of the case studies.

Speaker #9

- Need to have a quantitative analysis of everything that has been done and everything we plan to do.
- Liked the idea of a redevelopment education program.
- Need to look at the pros and cons of what the Agency has done in the past and learn lessons.
- We need to know how redevelopment affects people located outside of the project areas.

Correspondence Received for the February 3, 2004, Agency Board Meeting

February 2, 2004, e-mail from Lewis Lester. The e-mail had an attachment, which contained a letter from Mr. Lester to the Redevelopment Agency Board. The e-mail and letter are attached.

February 1, 2004, e-mail from Lewis Lester. This e-mail is attached. The e-mail had an attachment titled "City of Miami, Office of Auditor General, Audit of the Community Redevelopment Agency." This lengthy document (81 pages) is not attached, but can be viewed on the Redevelopment Agency's Independent Study web page. It is also available from Redevelopment Bureau Staff.

February 2, 2004, e-mail from Laurie Angel. This email is attached. The e-mail contained an attachment, which consisted of a document titled "American Planning Association Policy Guide on Redevelopment." This document (16 pages) is not attached, but can be viewed on the Redevelopment Agency's Independent Study web page. It is also available from Redevelopment Bureau Staff.

January 26, 2004
Agency Board Meeting
Public Comments on the Independent Study (prepared from staff's notes)

Speaker #1

- Clarified suggestions regarding the evaluation of a merger as part of the Independent Study.

Speaker #2

- Agreed with Speaker #1.
- Stated that there is much sensitivity about the proposed project area expansion.

The following comments were provided to staff via e-mail on January 23, 2004:

- Is there a process that can be set up to coordinate projects with private developments in the surrounding area in a holistic approach?
- What is the role of the Redevelopment Agency regarding infrastructure needs in the City?
- Did not see anything in the notes from the Study Session about the remarks made on behalf of the CPAC membership.

January 20, 2004
Special Redevelopment Agency Meeting
Public Comments (prepared from staff's notes)

Speaker #1

- The timeline is one of the last things the Agency Board should determine.
- Please send the expanded Scope of Work to the public.

Speaker #2

- The Board did not mention the project area expansion when it discussed the merger.
- A panel of consultants should prepare the Independent Study.

January 12, 2003
Redevelopment Agency Meeting
Public Comments (prepared from staff's notes)

Speaker #1

- One of the study sessions needs to be in the evening or a Saturday afternoon so that more of the public may participate.

Lewis Lester

- Mr. Lester read a prepared statement a copy of which is attached.
- The Independent Study should examine the way the Redevelopment Agency appraises the value of property, issues RFPs, solicits owner participation, selects developers and utilizes eminent domain. All of those processes are controversial.

Speaker #3

- Look at the promises made to the public during the project area adoption process.
- Look at the one-mile and ten-mile rings to determine the impact of redevelopment.
- The Agency should set a time for the consultants to meet with the public.

Speaker #4

- Impressed with the ideas discussed, especially the word “accountability” and the determination of project costs.
- The Independent Study should include cost benefit studies on past projects.
- The Board should not consider using any consultants who derive their income from redevelopment agencies as the lead consultant.
- A university or a think tank should be the lead consultant, and they could subcontract for the services of a redevelopment consultant.

Speaker #5

- Accountability is extremely important.
- We should be able to track costs by project.
- CURE and Municipal Officials for Redevelopment Reform should be considered as potential consultants.
- The Scope of Work should be changed to read “merger, expansion and other options”. One option to consider is ending redevelopment and using other methods that might better achieve the goals.

**December 15, 2003
Redevelopment Agency Meeting
Public Comments (prepared from staff’s notes)**

Speaker #1

- Need a well-balanced steering committee.
- Need to ask these questions:
 - Are we better off today because of redevelopment?
 - Are we better off with multiple project areas or would we be better off with merged project areas?

Speaker #2

- Requested information on the documentation of redevelopment agency debt.
- PAC members and Agency Board members have an interest in expanding the project areas. Outsiders should be part of the Independent Study.

Speaker #3

- The Redevelopment Agency should stop all document destruction, as they may be needed for the Independent Study.
- Expressed concern that staff will have too much influence on consultants since staff may speak with consultants out of the presence of the public.

Speaker #4

- The Redevelopment Agency needs to prepare a forensic audit. KPMG could prepare an audit to see how much money has been spent in the last 15 years.
- Expressed concern that staff will recommend only consultants that favor redevelopment. An RFP should be sent out and any consultant allowed to submit.

Speaker #5

- A small group should make the decisions; the Agency Board should be the steering committee.
- There is a great need for trust.

Speaker #6

- PAC representatives on a steering committee should be given time to consult with the PACs.
- The Independent Study should examine all elements: what has been done here, best practices, how redevelopment occurred in Long Beach, what could be done better and are merger and expansion appropriate at this time?
- Input should come from everywhere not just the Agency Board.

Speaker #7

- All of the questions described in the Felise Acosta Study need to be addressed. That should be done before the rest of the Independent Study.

Speaker #8

- The Independent Study needs community buy-in, and not be staff controlled.
- The Agency Board could be the Steering Committee.
- Bry Myown should be a member of the Steering Committee.
- Laurie Angel should be on the Steering Committee.

Speaker #9

- In May of 1999, Felise Acosta's report discussed communications, and these issues need to be addressed.
- We need a forensic audit.
- People from the expansion area should be added to the Steering Committee.

Speaker #10

- Expressed concern that the Steering Committee is only the Agency Board. One subject that could be considered is the need for a separate Agency Board?

A PAC member submitted the following recommendation for an Independent Study during the merger discussions.

PROPOSED REDEVELOPMENT STUDY

Issue an RFQ to independent research or urban public policy institutes with a track record of evaluating redevelopment. The chosen research firm will address the following scope of work.

Conduct a history of the City of Long Beach Redevelopment Agency to determine redevelopment practices and how and why they have changed over time. Explicitly identify current practices at length including:

- How projects are planned from inception.
- The steps undertaken to determine the fit of projects for a particular area.
- How project funding is determined.
- Identify the PACs' role in the process.
- Identify the public's role in the process including initial contact, responsiveness to suggestions, and define current public interfaces and evaluate the effectiveness of the public hearing process.
- Identify each stakeholder's role in the redevelopment process.

Conduct a comprehensive comparative study of other redevelopment areas throughout the state.

- What redevelopment techniques have proven most successful and why.
- What has proven to be unsuccessful and why.
- Determine what best practice is.

Establish criteria to determine successful redevelopment or "best practice." Such as:

- Return on investment for various time frames in the project's life.
- Increase in property tax value in the project or developed area.
- Demographics? Or the like.

Evaluate the City of Long Beach redevelopment practices against the comparative study and best practice. Recommend improvements to redevelopment in the city and define a method to implement these changes.

Conduct public hearings and study sessions throughout the city and develop a consistent redevelopment model with specific recommendations for improving the city's redevelopment process.

Corrections Welcome

This summary of public comment on the proposed Independent Study of Redevelopment was prepared by Redevelopment Bureau staff from notes taken during public meetings. Meeting participants who feel that their statements were omitted, misinterpreted or are incorrect are invited to submit their corrections to Otis Ginoza, Redevelopment Administrator, at (562) 570-5093.

Date: February 19, 2004

To: Redevelopment Agency Board
From: Linda Ivers

Chair Netherton and Members of the Board:

I am unable to attend tonight's special meeting of the Board at which time you will be discussing the Independent Study of Redevelopment. After reading the Draft Scope of Work, I would like to suggest the following items for your consideration and inclusion in the Scope of Work for the Study:

#1-- Bullet 7: Change the item to read "Do case studies of the following projects and project areas" and add

- iv. West Long Beach Industrial Project Area
- v. Downtown Project Area

#2-- Bullet 6: add

- iii. Compare to outreach efforts in other cities looking at project specific outreach as well as on going education/outreach efforts

#3-- Add Bullet 5:

- Use of Master Plans and project prioritization and their effect in the overall success of projects

#10--Add Bullets:

- In cities where merger/expansion has occurred have the financial situations been similar (i.e. the newer project areas having the financial strength rather than the older one)
- Have other cities with merged areas had life of the Project Area PACs
- What has been the impact of merger/expansion on the existing areas and their proposed plans

Add #11 Leveraging of redevelopment funds

- How do other agencies leverage their redevelopment funds?
- Do other cities use the same techniques as Long Beach

Add #12: Have any cities completed and closed out a redevelopment project? An agency?

ADDENDUM

Laurie Angel < >

02/19/2004 03:34 PM

To: Johnny_Vallejo@longbeach.gov

cc:

Subject: Fw: Independent Study of Redevelopment - Planning and Redevelopment

After checking the redevelopment independent study website and the draft minutes from the last meeting, I'm either not finding the board initiated discussion concerning planning and redevelopment from the last meeting as well as the need for a performance audit or both are missing. Though I do see reference to the planning document (itself) below.

I understand the concerns for getting into an audit, but I firmly believe an audit will provide a more substantive basis for helping to evaluate how redevelopment should be structured and organized but also what serious and possibly compromising issues may need to be addressed very specifically in the independent study. Without the audit, these facts or concerns may not be addressed, so, in essence the study will be incomplete. I would appreciate this e-mail was posted to the website, as well.

Thank you.

Laurie C. Angel

ADDENDUM

Dear Mr. Vallejo,

As you may be aware, Mayor O'Neill and the members of the City Council recently established a new commission for the City of Long Beach called the Commission on Youth and Children. We had our first meeting in January, and through our work, will be addressing a broad array of topics which impact the young people in our community including physical and mental health, education, safety and violence, housing, recreation, childcare, the juvenile justice system, after school programs, and job development.

As the Chair of the Commission, I believe that redevelopment has a significant impact upon the youth in our community. I am writing to respectfully request that, as the Redevelopment Agency Board determines the scope of work for the independent study of redevelopment in Long Beach, that strong consideration be given to including a vehicle for input from the youth in our city. Clearly a part of the definition of success for redevelopment in any city would include social success and quality of life issues as applied to young people as well as adult members of the community.

The Commission on Youth and Children could serve as the conduit for this input from youth quite easily. Youth Councils are currently in the process of being established in the various City Council districts throughout the city. These councils will provide youth in all parts of the city with frequent opportunities to provide their input directly to one or more Youth Commission members. The Commission will be hearing reports from these Youth Councils at each of our monthly Commission Meetings, and, as a result, could easily provide the pertinent information to your agency.

It is my hope that you will provide the Redevelopment Agency Board with this recommendation as they deliberate on the direction and scope of the independent study. Thank you for your consideration.

Sincerely,

Rebecca J. Turrentine

Chair, Commission on Youth and Children

Bry Myown article:

My Own View, *The View from the Hill*, February 10, 2004

Now They've Really Gone Too Far

Outreach is all the rage in government speak, and it has apparently ceased to be the verb most dictionaries define. Its transition to a noun illustrates the same linguistic phenomenon, in reverse, that many of us noticed some years back when the impacts we experienced began increasingly impacting us as verbs.

It stands to reason. What did you think officials would do when we complained about the impacts they inflict—mitigate them? Silly you. They'll perform *outreach*, and in the process they will *educate you* about just exactly how silly you are.

At last week's Harbor Commission meeting, staff responded to outrage about the lack of public input regarding a proposed LNG facility by advising that the developer is making public presentations, a.k.a. *performing outreach*, to neighborhood associations. Translation: One of Mitsubishi's 500 worldwide subsidiary companies, a financially interested party, is utilizing two PR firms and a glitzy video to *educate us* about why it's silly to fear LNG.

At the Redevelopment Agency Board meeting, the scope of what was supposed to be an independent study of Redevelopment practices became a formula for using the study consultant to *perform outreach* in order to *educate the public*. This is necessary, one Board member made clear, to reach "more than just the same 15 people" elected by the project area committees that have experienced Long Beach Redevelopment practices first-hand for years. Translation: As was stated unabashedly by another Board member, Redevelopment needs to do what advertising agencies are paid millions to accomplish—*get buy-in*.

At the city council meeting, the LNG facility came up again when a councilwoman said the public wants to learn, a.k.a. *be educated*, about it and elicited assurances that *outreach is being performed*. Staff stressed that the project is in the very, very early stages, because an EIR that internal documents take pains to say will be an independent study has not been written. Translation: It will take awhile, but assuming FERC agrees, the project's fate will be determined by the same Harbor Commission that has already signed a binding agreement with the developer. In fairness to the councilwoman, she stressed that we want input into the process too. She let the cat out of the bag by suggesting the process will continue through completion of construction, however, so the limits of our input should be clear.

The highlight of the outreach vogue, for me, was a *New York Times* account of the first public appearance made by the State Department diplomacy official tapped to address rising hostility toward the United States in much of the Muslim world. She concurred with the findings of an independent study of U.S. diplomacy practices that concluded our country's good deeds abroad are overlooked because our *outreach* budget has shrunk. Solution? "A greater role for America's private sector, especially its media companies, in developing creative new ways to reach out to Arab youths."

The word *outreach* has to do with the reach of one's arm, as in the regionalism Jodie Foster immortalized in *The Silence of the Lambs* when she said, "The world will not be this way

within the reach of my arm." It meant that maybe she couldn't solve the world's problems, but she could damn well take care of folks who depended on her. When I grew up with the expression, it was a social compact: if everyone performed that sort of outreach, the world's problems would be solved. Elected officials who had the merest suspicion residents could be harmed by an LNG disaster, government could deliver more services by not diverting property taxes to the likes of Wal-Mart or residents of Muslim allies might embrace us if we stopped supporting governments as despised as ours would kick and scream to protect everything within their reach.

Instead, as happened at the Redevelopment Board, they say the things I've quoted above, are genuinely surprised when we point out what they've said and proceed to state that they meant something else altogether, which then gets entered on the record. Somewhere in the conversation they always claim not to have been informed or admit they haven't read the independent studies that have been referenced by staff and the public, sometimes for years, and the public has to furnish them their own documents. By then their time is up, so they leave staff to carry out policy, which might be whatever staff wanted to pursue in the first place or might be based upon whatever bewildered minutes staff kept of all the contradictions. This goes on at all levels and in all branches of government, all the time, and because each meddles in the others' affairs, it lets them all point fingers and disclaim responsibility. It explains 25 years of independent studies and legislative reforms that have never been implemented regarding Redevelopment and LNG and probably also explains why we're still searching for weapons of mass destruction.

To paraphrase what one project area committee resident said about Redevelopment and directly quote what the State Department study said about diplomacy, "the overall approach lacks strategic direction."

Merriam Webster lists the transitive senses of outreach, a verb, as "to surpass in reach or exceed" and "to get the better of by trickery." It then gives the intransitive, listing first "to go too far." Government routinely does all of those—exceeds its authority, gets the better of us and goes *far* too far, but apparently hasn't time to read to the last entry and contemplate the meaning of "to reach out."

Conspiracy? Corruption? Probably not. Probably officials and staff alike simply can't or won't take the time to read the independent policy studies, which tend, after all to be long and boring and technical. Instead, the silly dears are educated, a.k.a. outreached, a.k.a. tricked, by glitzy industry videos and PR firms, and what they do to us as a result can be described by any number of verbs that require no translation.

It's not outreach. It's an outrage

Bry Myown's viewpoint appears in every issue. She can be reached by e-mail at brymyown@webuniverse.net.

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"Traci Wilson-Kleekamp

02/04/2004 07:45 AM

To:

cc:

Subject: Previous Report on Merger --- Sept. 10, 1999 by Rosenow, Spevacek Group Inc.

Mr. Fields et. al. --

I understand from the RDA meeting on Monday that you are unaware of the previous report contemplating redevelopment merger conducted by Rosenow, Spevacek Group Inc. in 1999 -- by facilitator Felice Acosta.

The report was included in the large binder of redevelopment documents issued to you last year. Considering that we've been talking about redevelopment merger/expansion for the past 2 years -- its hard to believe that this document and past newsclips on the subject have eclipsed your scrutiny.

I pulled the memo out of my redevelopment binder this morning.. in the event that anyone would like the previous report on redevelopment merger faxed to them.

I believe it used to be online.. but I looked and didn't see it with the other redevelopment documents. The files are big -- so it is very likely that I could have missed it.

On a positive note; the Redevelopment Agency's website has made some remarkable improvements. I sure like seeing the letters etc., that have been submitted and agenda item correspondence etc. <http://www.longbeach.gov/redevelopment/RDdocs.htm>

best regards,

Traci Wilson-Kleekamp

"Jane Kelleher"

02/03/2004 06:37 PM

To:

cc:

Subject: community input

There was a staement made today by a boardmember to which I would like to respond and am doing so via email because I think it may be perceived as less rancorous than if I were to do so at a public meeting.

The statement made was to the effect that it would be welcome (paraphrasing) to hear from more than the '15 people that show up at these meetings'.

My response: I recognize that is a sentiment shared by some boardmembers and this knowledge is an inhibiting factor in communicating with the Board. One does not like to be at a party where one is not welcome. One is not comfortable offering ideas when the audience has a history of disrepect towards, in our case, the Westside.

I am drawn to a comparison which illustrates why Dan Berns, Chair and I, Vice Chair, persist--and I can only speak only for the Westside PAC. Unlike boardmembers who are appointed by the Mayor, Dan and I are elected and have a constituency we represent; if we do it well, we get reelected. As a refresher, the Westside PAC membership is restricted by City ordinance; it has 12-22 members and 7-11 alternates. These members and alternates represent the 350-450 businesses, residents and property owners on the Westside. Part of Dan's and my obligation, as officers of the PAC, is to come to these meetings and speak the voice of the PAC and thus the community. For those boardmembers who ave dealt with us closely, you know we don't take a policy position without direction from our membership.

Enough said; thank you for your work towards implementing an independent study of redevelopment in Long Beach.

Jane Kelleher

ADDENDUM

134 E. Hill Street
Long Beach, CA 90806

February 2, 2004

Redevelopment Agency Board
City of Long Beach
333 West Ocean Blvd.
Long Beach, CA 90802

RE: Independent Performance Audit vs. Proposed Independent Study

Dear Board Members:

Citizens Against Redevelopment Merger and Expansion is opposed to the Redevelopment Agency Board's ongoing efforts to initiate an "Independent Study" based on a "draft conceptual plan" that has been expanded in recent weeks, but maintains an emphasis on "merger-and-expansion" strategies, as originally outlined in a Resolution submitted by Councilwoman Laura Richardson (CD6), and adopted by the City Council on October 21, 2003.

For several months, we have asked you to seriously consider the advantages of conducting an independent performance audit, based on *Government Auditing Standards* issued by the U.S. General Accounting Office ("GAO"). As of this date, the Agency Board has been steadfast and unanimous in its silent refusal to publicly discuss the merits of conducting an independent performance audit versus its own "Independent Study".

The Redevelopment Agency Board's refusal to engage in a public discussion on this matter is a great disservice to residents, business owners, citizen groups, investors, and legislative officials in each of the Agency's project areas.

We appreciate your service as civic-minded volunteers, as well as your collective expertise as professionals in banking, architecture, and real estate. But, neither your service nor expertise excuses you or the Agency from accountability to the 200,000 people who also live and do business in the project areas. They are the primary beneficiaries and victims of the economic, social and political decisions that you make.

If our expectations seem high at times, it might help you to think of them as a giant mirror that recognizes and reflects our understanding of the tremendous authority and discretion the Agency Board can exercise.

So today, I take this occasion to encourage you, once again, to seek an independent performance audit of the Long Beach Redevelopment Agency.

There are two types of performance audits:

- **Program Audits** are designed to determine whether or not a program [such as "redevelopment"] is achieving the results intended in the enabling legislation.

For example: An audit team performing a program audit in Long Beach would look to the California Community Redevelopment Law to determine the explicit or implicit objectives of redevelopment, develop a criteria to determine whether or not the objectives are being met, compare actual results with the criteria, and report the results.

- **Economy and Efficiency Audits** are concerned with the degree to which a program [such as "redevelopment"] is achieving its objectives in a "cost-efficient manner."

For example: An audit team performing an economy and efficiency audit would determine whether the Agency is protecting, and using its resources [e.g., monies, personnel, property, and space] economically and efficiently, determine the causes of inefficiencies or uneconomical practices, determine whether the Agency is in compliance with all applicable laws and regulations on matters of economy and efficiency, and report the results.

It will be many years before the Redevelopment Agency's resources will allow it to meet its most important mandates and objectives, if ever. We question your expressed desire to expedite your proposed study process without considering superior alternatives.

Please take time to deliberate, and have an open, honest conversation about your interest in or opposition to quantifying the Redevelopment Agency's track record.

Sincerely,



Lewis Lester, MPA
Chair,
Citizens Against Redevelopment Merger and Expansion

Enclosure:

(1.) Draft Memorandum (dated May 14, 2001) from Melanie Fallon to Henry Taboada, expressing concerns about "the possibility of adverse audit findings, which could require the return of federal grant or RDA funds."



City of Long Beach
Working Together to Serve

ADDENDUM

Memorandum

DRAFT

Date: May 14, 2001
To: Henry Taboada, City Manager
From: Melanie S. Fallon, Director of Community Development
Subject: Request for Support of Continued Citywide Economic Development Activities

One of the Department's critical issues this year was identifying funding to continue the delivery of quality services to the City's business community by the Economic Development Bureau. In reviewing the existing funding sources and services provided, I am concerned about the possibility of adverse audit findings, which could require the return of federal grant or RDA funds. Specifically, I am concerned that past practice has found us providing services to businesses outside of areas eligible for use of these funds. ✓

To address this potential liability, I am requesting support from the General Fund to ensure the continued delivery of **citywide** business services. I also request approval to create a new Business Technology Division to address advances changing the citywide business environment.

Background

In his address at the recent California State University Long Beach Economic Forecast,¹ Dr. Joseph Magaddino stated that the City's largest employment sector is business services, at about 29% of the market. This is a dramatic transition from the City's manufacturing-based economy that was crippled by the recession of the early 1990s. He emphasized the benefit of the City's Economic Development Bureau in bringing in new businesses, which resulted in a diversified economic base and added to the City's taxable sales.

With the changing needs of today's business environment, I am reviewing the operations of Economic Development to ensure the continued delivery of quality and innovative and high quality business services. The goal is to develop an integrated approach to providing services that both meet community needs and attains a leadership position in the use of new business technologies. During my initial review, two areas of concern have surfaced: first, the need for unrestricted funding to provide services citywide; and second, an urgent need to promote and recruit new high technology businesses.

Unrestricted Funding

The three major sources of funding used by most California cities for Economic Development activities are Redevelopment, General Fund, and Community

¹ The 2001 - 2002 California State University Long Beach Economic Forecast, May 10, 2001

May 14, 2001

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Development Block Grant (CDBG).² Long Beach has traditionally used Redevelopment, CDBG and Workforce Investment Act (WIA) funding to provide these services. Currently, there is no General Fund support for economic development. While each of these non-General Fund sources have specific restrictions that preclude their use in addressing citywide business needs, especially marketing and recruitment, this generally went unquestioned in the past. Recently, however, addressing the increased need for citywide services has proven more difficult, and the chance of adverse audit findings more probable. ✓

Changing Factors

The Department's role in making resources available needed to provide economic development services outside targeted areas have become more difficult. Factors contributing to this situation include:

The push to provide better access for community involvement in evaluating and establishing priorities for redevelopment funds.

New reporting standards for CDBG, which require that information be provided on the WEB for each specific activity.

- Greater involvement by the community regarding justification for economic development services provided with CDBG and RDA funds.

The exhausting of a \$1.3 million RDA loan fund balance to provide "unrestricted" services.

A growing demand for services outside traditional service areas.

To answer questions regarding use of CDBG and RDA funding, Staff has worked closely with the community to advocate the benefits of economic development. This work has resulted in sufficient funding commitments for FY 2001-2002 within the target areas, but a funding gap still exists for citywide services.

Examples of businesses recently assisted by economic development which would not be eligible for assistance with RDA, CDBG, or WIA funding in FY2001-02 include: Epson, Cisco, Beach Toyota, Circle Imports, Los Altos Gateway (Lowes, Kmart, Beach Chevrolet), Office Depot, and Marina Pacifica. A recent evaluation of the net sales tax gain to the City from these businesses is \$1,342,000 annually. This revenue supports the General Fund for citywide services. ✓

In my experience, HUD audit findings generally focus on ineligible use of funding, and in instances of such findings, the city must pay penalties from non-federal sources of funding in addition to refunding disallowed expenditures. RDA ✓

² Based on a survey of 41 California cities with Economic Development programs

May 14, 2001

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problems could result from State or local investigations, lawsuits, or other inquiries. I recommend avoiding both situations.

Technology Initiative

Business Technology is a moving force in today's economy. This is expected to grow in the coming years due, in large part, to gains in productivity brought on by the use of new technology.³ To continue the City's focus on the three T's – Trade, Tourism, and Technology, which meet priorities identified in the 2010 Strategic Plan, I propose the creation of a new Business Technology Division (see new organizational structure, attachment "A").

This new division would consist of three primary units, E-Government, Economic Analysis, and Technology Recruitment. This commitment of City resources would create a staff dedicated to the understanding and use of technologies which enhance business-related City services, as well as to the advocacy for measures to bring new high technology businesses to Long Beach.

As one of their duties, the E-Government section would be called upon to work with the DLBA and the Department of Public Works to develop a "fiber optic resource map" showing locations of existing and proposed fiber optic lines. They will become strong advocates for continued infrastructure improvements, which would enhance the City's technological capacities. Staff will also strive to create and utilize advanced GIS mapping capabilities in attracting new high tech employers to the City. Finally, this group will attempt to improve communications between internal and external customers through the application of the new technologies now available (i.e. informational databases and enhanced websites).

The Technology Recruitment section will work to understand specific needs of high technology businesses, and to promote opportunities to locate them in Long Beach, creating new employment. Key to this will be efforts to integrate Workforce Development Bureau training programs with the needs of new high technology-based businesses.

The Economic Analysis section will develop a comprehensive, citywide lease tracking system to identify opportunities to provide information for business recruitment and to anticipate "growth problems" being experienced by existing businesses requiring larger sites. Staff will also work on the development of a more accurate and easily accessible sales tax analysis system. Finally, staff will work to develop business trends and demographic analysis tools to aid in making sound business location and expansion decisions.

³ According to Lisa M. Grobar, Ph.D. at the 2001-2001 CSULB Economic Forecast May 10, 2001

May 14, 2001

Page 4

As previously stated, Business Services is one of the fastest growing sectors of the Long Beach economy. In the past five years employment in this sector in Long Beach grew 46%, compared to only 6% in the manufacturing sector. The proposed Technology Initiative will ensure that Long Beach is on the forefront of changes in the business community and will help provide economic development services more efficiently by using high technology for delivery.

RECOMMENDATIONS

1. Approve the allocation of General Purpose funds to ensure Economic Development services are provided citywide. Of the total amount of services currently provided by Economic Development approximately 30% are in areas not eligible for funding identified for FY2001-2002 (see attachment "B" for budget analysis).

General Purpose funding would be used to provide ED services in areas of the City not eligible for CDBG and RDA areas (i.e. Belmont Shore, LB Airport, Marina Pacifica). Specific services include:

- Business Incentives
- Business Marketing
- Sales Tax Incentive Program
- Site Selection Assistance
- Toyota Grand Prix Support
- Administration of PBID agreements

Total = \$435,000

2. If you agree that the City should create a new Business Technology Division, and that these services should be provided citywide, additional General Purpose funding will be needed as well. I have budgeted resources to accomplish the delivery of services from a new Business Technology Division to RDA and CDBG areas. General Funding would allow for a citywide initiative.

Total = \$200,000

I hope you agree that economic development services are an integral part of the City's future growth. I look forward to discussing the issues raised here at our meeting Friday, May 18th.

MSF:LM:cb



"Jane Kelleher"

To:

01/23/2004 05:08 PM

CC:
Subject: Re: Independent Study of Redevelopment Update 1/22/04

Johnny,

Am in receipt of the revisions, thank you.

There were two points that board members brought up for consideration, which I don't see included:

- Is there a process that can be set up to coordinate projects with private developments in the surrounding area in a holistic approach?
- What is the role of the RDA regarding infrastructure needs in the city?

Thanks,

Jane Kelleher

----- Original Message -----

From: Johnny_Vallejo@longbeach.gov

To:

ADDENDUM



01/23/2004 09:29 PM

To: Johnny_Vallejo@longbeach.gov
cc:
Subject: Independent Study

Johnny: I didn't see anything in the notes from the Study Session about the remarks I made on behalf of the CPAC membership.

Don Darnauer, Chair, CPAC

Attn Johnny Vallejo



ATTACHMENT C

DELIVERABLES:

Evaluate the effectiveness of redevelopment in Long Beach past and present, identify best practices in redevelopment and make recommendations for improvements and their implementation. This evaluation and assessment will require, but is not limited to, the following deliverables.

1. **Revised Work Plan and Timeline** – Created after consultation with the Agency Board and the public.
2. **Public Participation Plan** – Plan to involve the community in the study process.
3. **Case Studies** – Detailed examination of projects identified in the Scope of Work.
4. **Redevelopment Best Practices** – Identification and review of the most successful redevelopment strategies and techniques.
5. **Current Assessment and Comparative Analysis** – Includes a thorough assessment of current Long Beach redevelopment practices, and conducts a comparative analysis between Long Beach practices and those strategies and techniques described as "best practices".
6. **Recommended Improvements and Implementation Plan** – Recommendations for improving the effectiveness of Redevelopment in Long Beach, and strategies or techniques for implementing those recommendations.

And the least

How else do we learn?

Thanks

P.S.

What is attachment B?

134 E. Hill Street
Long Beach, California 90806

March 8, 2004

Redevelopment Agency Board Members
Long Beach Redevelopment Agency
333 West Ocean Blvd.
Long Beach, CA 90802

RE: Independent Study of Redevelopment – Citywide?

Dear Board Members:

Citizens Against Redevelopment Merger and Expansion ("CARME") maintains its opposition to the Redevelopment Agency Board conducting a so-called "independent study" as described to date. We believe that the oversight and management of an independent study and/or an independent audit should be the responsibility of the elected City Auditor.

We have asked that the City Council, City Manager and his members of his senior staff not be allowed to manipulate the RFP development process from behind the scenes. In spite of our pleas, you have repeatedly delegated the early stages of the independent study process to RDA staff and other individuals who should not have an undefined influence in your work.

CASE IN POINT: *On page two of a memorandum to the Board, dated March 8, 2004 from Melanie Fallon, you will notice the signature line where the Long Beach City Manager needs to provide final approval. Why is that?*

Although the Agency Board is already off to a poor start, you have an opportunity to make some important course corrections today, possibly avoiding the incredible embarrassment that the folks involved in the unfolding Queen Mary scandal are sure to suffer.

These are our latest requests and suggestions:

RE: TRANSMITTAL LETTER

CARME believes the public would appreciate and should have an opportunity to review the transmittal letter, as well as any redevelopment-specific information and background material on the Agency, and the City, that will be prepared and included in the "RFP package" distributed to prospective bidders/contractors, prior to its release.

RE: SELECTION CRITERIA

CARME believes that the information you will request in the RFP should directly correspond to what will be of importance as the Board evaluates each proposal. CARME also believes the selection criteria should have driven the writing of the RFP, not vice versa. However, since that is not the case, we encourage the Board to make clear your willingness to evaluate each proposal for demonstrated

competence, knowledge and qualifications, and the reasonableness of the proposed fee for services.

RE: DECISION PROCESS

In the RFP, the Agency should provide a summary of the decision process; including the "ground rules" the Agency will observe and will expect Respondents to observe. The RFP should also let respondents know the likely timetable for the decision.

RE: INDEPENDENCE

Respondents should be required to describe their internal practices to ensure compliance with independence requirements and freedom from conflicts of interests.

RE: CONFLICTS OF INTERESTS

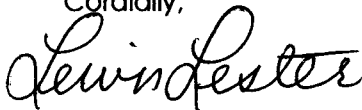
CARME supports disclosure of information related to potential conflicts of interests and former employees of the Agency or the City of Long Beach, and believes it would be inappropriate for the Redevelopment Agency Board to award the Independent Study contract to a respondent who has been retained or employed by the City of Long Beach or the Redevelopment Agency within the past (5) years.

We request language similar to that provided below, be included in the RFP:

- **Conflicts of Interest**
Respondents may not have any personal or business interests that would present an actual, potential or apparent conflict of interest with performance of this contract, and the contractor will not reasonably create an appearance of impropriety.
- **Restrictions on Contractors and Former Employees of the Agency and the City of Long Beach**
Any Respondent who has been employed or retained by the Redevelopment Agency or the City of Long Beach during the five years preceding its proposal must disclose in the proposal:
 - *The nature of previous contract(s) or employment with the RDA, the City, or another city agency;*
 - *The date the contract(s) or employment terminated; and*
 - *The annual rate of compensation for the contract(s) or employment at the time of termination*

Citizens Against Redevelopment Merger and Expansion would appreciate a thorough public discussion of each of our requests and suggestions, separately. Thank you.

Cordially,



Lewis Lester,
Chair
Citizens Against Redevelopment Merger and Expansion